(SHRI BALASAHEB VIKHE PA1TL): (a) and (b) In the Economic Editors Conference held on 16.10.2001 there were several observations relating to functioning and health of financial institutions. In the light of the experience of the Government in the recent past, it was pointed out that Government would involve itself more in the close monitoring of the functioning and health of the financial institutions so as to avoid any emergency. Such a close monitoring by Government is also to bring in more transparency in the operations of the institutions and the consequent to improvement in profitability and accountability.

**Domestic Savings**

231. SHRI NARENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that since 1995-96 net domestic savings ratio has been falling and it is also a contributory factor towards tardy growth of economy; and

(b) if so, whether Government are adopting any measure, both at the policy and execution levels to ensure that domestic savings are generated adequately so that investment climate, which substantially depends on domestic savings, could also improve?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PAUL): (a) As per the data available with the Central Statistical Organisation (CSO) the trends in the Net Domestic Savings Rate (NDSR) measured in terms of net dometstic savings as a proportion of net dometic product at current market prices and growth rate in Gross Dometsic Product (GDP) at 1993-94 prices since 1995-96 were as follows:

| | NDSR | GDP |
|---|---|---|
| | (in per cent) | |
| 1995-96 | 161 | 13 |
| 1996-97 | 14.6 | 7.8 |
| 1997-98 | 15.0 | 4.8 |
| 1998-99 | 13.8 | 66 |
| 199940 | 143 | 64 |
| 200001 | NA | 52 |

The overall growth in the economy is determined by a host of supply side and demand factors which among other include efficiency of use of investible resources, sectoral growth profile of GDP.

(b) To promote domestic savings rate in the economy it is imperative to improve the parameters which have a bearing on savings behaviour. These include level of fiscal deficit, tax policies, monetary policy, inflation, and efficiency of the banking system and the capital market and confidence in the economy. The various economic reform measures undertaken by the Government are expected to have a favourable impact on the aggregate level of domestic savings.

**Operational restrictions on SBI in USA**

232. SHRINTLOTPALBASUiWill the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the news-item captioned "Fed Clamps down on SBI's US Operations" appearing in Business Standard dated 31st October, 2001;

(b) if so, the response of Government thereto;

(c) whether it is a fact that the SBI is not contemplating any legal remedy in the US Courts as reported;

(d) if so, the reasons therefor and the details thereof; and

(e) whether all US Banking entities have shown similar courtesies to Indian regulators when they had been indicated in the Harshad Mehta Scam?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIBALASAHEB VIKHE PATIL): (a) and (b) Government have seen the news-item referred to in part (a) of the Question. Government is in consultation with State Bank of India (SBI) in this regard. The matter is being taken up with the US authorities through diplomatic channel*.

(c) and (d) SBI has reported that based\>u the legal opinion obtained by it, it is not contemplating any legal remedy in the US Courts.

(e) Reserve Bank of India (RBI) has reported that in the aftermath of the securities irregularities of 1992, it had imposed penalty on the foreign banks, including American Banks involved in the irregularity transactions. RBI has